

PSJ18 WALGREENS Opp Exh 50

Appointment

From: Metz, Allie [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=WALGREENS.ONMICROSOFT.COM-54052-METZ, ALLISON (AJONES4UE3A28C2F)]

Sent: 12/7/2012 3:40:41 PM

To: Metz, Allie [allison.metz@walgreens.com]; Purchasing-Rx-ALL [purchasing-rx-all@walgreens.com]; Hattenschweiler, Stephanie [stephanie.hattenschweiler@walgreens.com]; Taylor, Jenny taylor hr [jennifer.taylor@walgreens.com]; Jouran, Lena [lena.jouran@walgreens.com]

CC: Conklin, Patricia [patricia.conklin@walgreens.com]; Dzierzanowska, Danuta [danuta.dzierzanowska@walgreens.com]; Deans, Matthew [matthew.deans@walgreens.com]; Schneider, Brian [brian.schneider@walgreens.com]; House, Emily [emily.house@walgreens.com]; Adams, Lynn [lynn.adams@walgreens.com]; Solomon, Jennifer [jennifer.solomon@walgreens.com]; Wolf, Courtney [courtney.wolf@walgreens.com]; Martin, Barb [barb.martin@walgreens.com]; Rurka, David [david.rurka@walgreens.com]; Mchugh, Chris [chris.mchugh@walgreens.com]; Destefano, Frank [frank.destefano@walgreens.com]; Daugherty, Eric [eric.daugherty@walgreens.com]; Schmidt, Ryan [ryan.schmidt@walgreens.com]; Eliff, Brian [brian.eliff@walgreens.com]; Skaloud, Hilary [hilary.skaloud@walgreens.com]; Allen, Mike [mike.allen@walgreens.com]; Vogt, Joe [joe.vogt@walgreens.com]; Groth, Bill [bill.groth@walgreens.com]; Butterfield, Megan [megan.butterfield@walgreens.com]; Odell, Morgan [morgan.odell@walgreens.com]; Vanderpol, Mike [michael.vanderpol@walgreens.com]; Pike, Matt [matt.pike@walgreens.com]; Bleser, Mike [mike.bleser@walgreens.com]; Mikulak, Zach [zachary.mikulak@walgreens.com]; Foreman, Jeffrey [jeffrey.foreman@walgreens.com]; Lau, Tori [victoria.lau@walgreens.com]; Feng, Michael [michael.feng@walgreens.com]; Pham, Jacquie [jacquie.pham@walgreens.com]; Towashiraporn, Khemmarin [khemmarin.towashiraporn@walgreens.com]; Reiter, David [david.reiter@walgreens.com]; Price, Jeffrey [jeffrey.price@walgreens.com]; Merritello Jr, John [john.merritello@walgreens.com]; Hastreiter, Gina [gina.hastreiter@walgreens.com]; Szlenk, Donald [donald.szlenk@walgreens.com]; Kallas, Phil [phillip.kallas@walgreens.com]; Murray Jr, Denman [denman.murray@walgreens.com]; Ocampo, Penny [penny.ocampo@walgreens.com]; Levine, Tracy [tracy.levine@walgreens.com]; McGriff Iii, Marcus [marcus.mcgriff@walgreens.com]; Lee, Angela [angela.park@walgreens.com]; Clothier, Darlene [darlene.clothier@walgreens.com]; Gehrand, Katie [katie.gehrand@walgreens.com]; Maholic, Becky [rebecca.f.maholic@walgreens.com]; Cosyleon, Severo [severo.cosyleon@walgreens.com]; Paulsen, Joel [joel.paulsen@walgreens.com]; Shraybman, Julia [julia.sherman@walgreens.com]

Subject: Pharmacy Purchasing & Supply Chain Quarterly Meeting

Attachments: PP & SC Qtrly Meeting 013113 Final.pptx

Location: Conference Room K (200 Wilmot) 866.309.0558 *8479143649*

Start: 1/31/2013 2:00:00 PM

End: 1/31/2013 3:30:00 PM

Show Time As: Busy

Recurrence: (none)

Required Attendees: Purchasing-Rx-ALL; Hattenschweiler, Stephanie; Taylor, Jenny taylor hr; Jouran, Lena



PP & SC Qtrly
Meeting 013113 ...



Pharmacy Purchasing & Supply Chain

Quarterly Meeting
January 31, 2013

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Walgreens
AT THE CORNER OF **HAPPY** & **HEALTHY**™

Agenda

- Opening Remarks
- Walgreens Q1FY13 Financial Review
- Employee Recognition
- Walgreens Boots Alliance Development Update
- DEA Update
- HR Update
- Q&A



Walgreens Q1FY13 Financial Review

	Dollars	% Change	% of Sales
Sales	\$17.3B	↓ 4.6%	100%
Gross Profit	\$5.1B	↓ 0.1%	29.4%
SG&A	\$4.4B	↑ 4.6%	25.4%
Net Earnings	\$553M	↓ 10.7%	2.4%
EPS	\$0.58	↓ 18.3%	n/a



Employee Recognition

Brand Rx/Wholesaler/Vaccines/Alt Care

- David Rurka celebrated his 1 year anniversary

Generic Purchasing and Strategy

- Brian Schneider promoted to Director of Generic Purchasing
- Spencer Ebann promoted to Analyst of Generic Operations

Rx Supply Chain and Analytics

- Breanne Abraham & Ryan Schmidt promoted to Senior Analysts
- Alicia Perez celebrated her 20 year anniversary



Walgreens Alliance Boots Development Update

Moving forward together

- **August 2012:** Walgreens Alliance Boots transaction closed
- **September 2012:** Joint venture established
- **November 2012:** Walgreens Boots Alliance Development GmbH introduction
- **December 2012:** Working sessions on global volume incentive rebate, price harmonization, and partnership terms and conditions
- **January 2013:** Completion of global volume incentive rebate and partnership terms and conditions
- **February 2013 onwards:** On-going joint business planning and strategic collaboration





Walgreens Boots Alliance GmbH is an organization developed to create value in new ways



Creating value in new ways with generic suppliers



- **Unlimited growth potential in established and emerging markets**
- **Demand predictability providing long-term optimization of technical operations**
- **Innovative commercial initiatives tailored by product and market**
- **Global base rebates and volume incentive rebates with generic suppliers**
- **Price harmonization**
- **Creation of global terms and conditions**

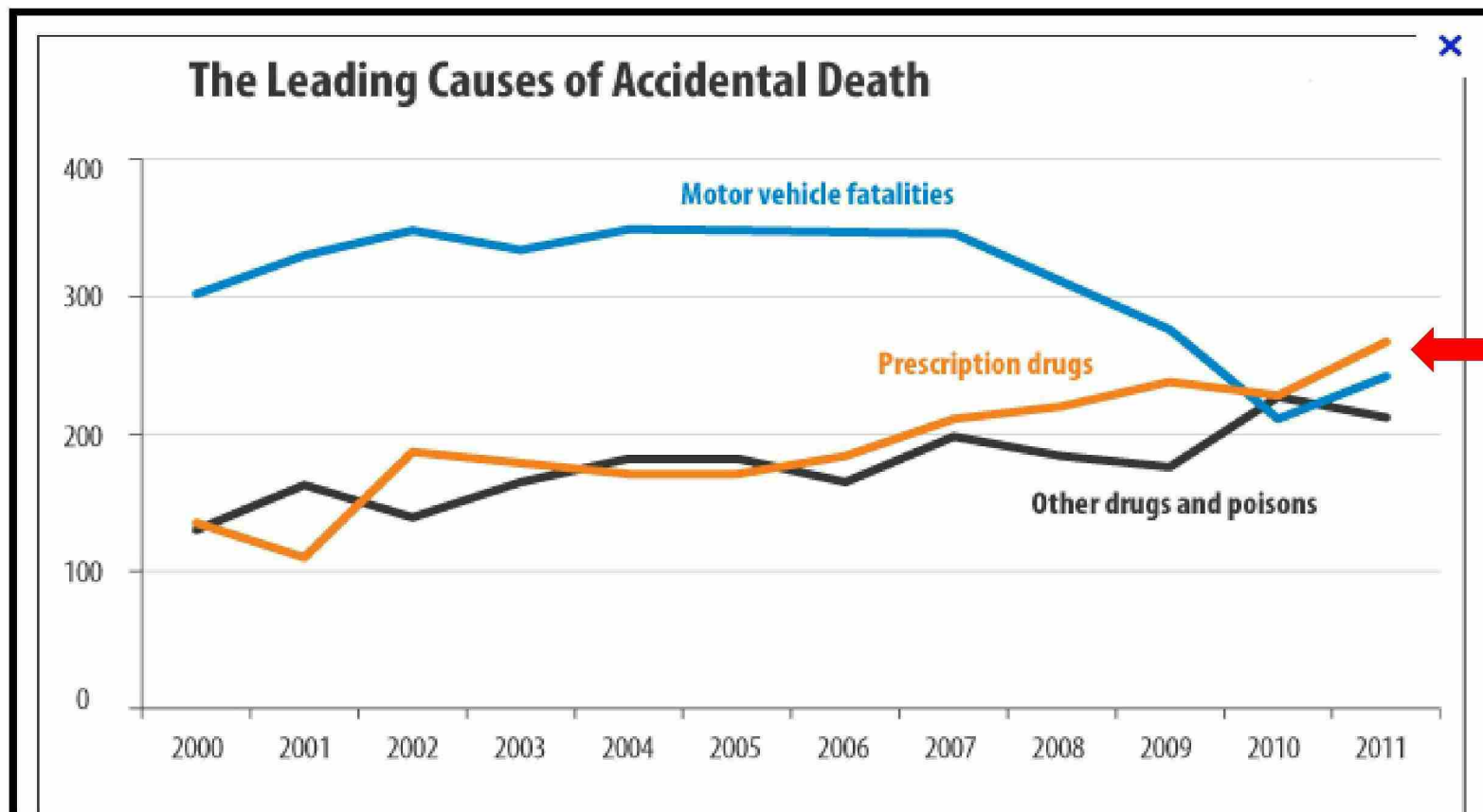


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DEA Update

Troubling trend in the United States: leading cause of death is Rx drugs



Evolution of Suspicious Order Monitoring (SOM): Timeline of Events

Pre-August 2010	Steady increase in FL pill mills Prescribers dispensing medications
October 2010	Change in Florida legislation restricts prescriber dispensing to only 72 hour supply of pain medications
October 10- March 11	Dramatic increase in the number of opioid pain medications prescriptions seen at retail stores
July 2011	Florida law amended to prohibit practitioners from dispensing C2-3, except in very limited instances



Timeline 2012

April 2012	Administrative Inspection Warrants were served on 6 stores and the Jupiter DC
May – June 2012	8 stores voluntarily removed all C-II products, Xanax and Soma Re-launch of Good Faith Dispensing Policy
September 2012	ISO was issued for the Jupiter DC
November 2012	Order to Show Cause issued to 3 of the original Florida pharmacies



Timeline

**December
2012**

Target Drug GFD pilot begins in FL and Vegas

**January
2013**

Sanction prescriber pilot begins NJ and PA

**February
2013**

DEA administrative hearing begins



Rx Operations taking steps at the store level

Re-launched Walgreen Good Faith Dispensing Policy across the Chain

Implementing Pilots

- Target Drug Good Faith Dispensing
- Prescriber Sanctioning in NJ and PA

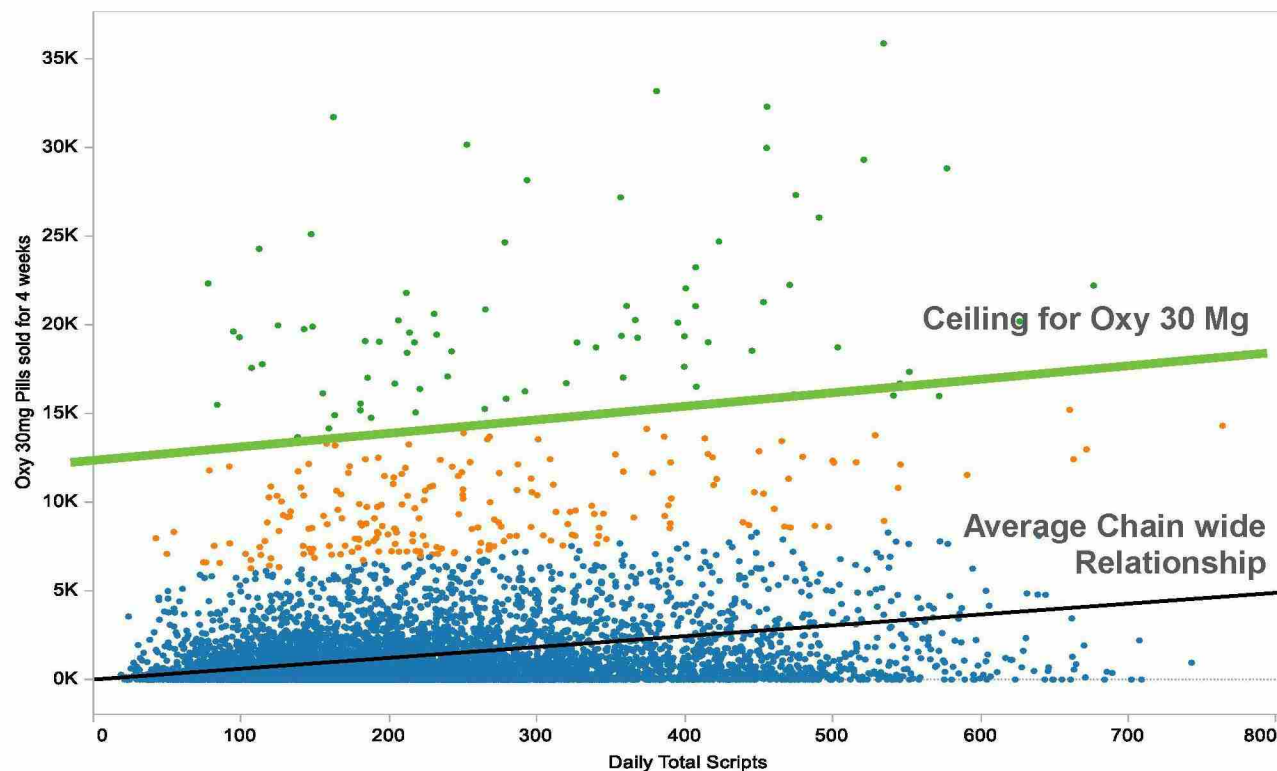
Invalid Prescriber DEA removal from IC+

- DEA CAP Override

Top 500: 100 Store Indexing Report



Rx Purchasing and Supply Chain involvement in SOM is through inventory control



Ceiling margin:
configurable by item

Total Scripts Divided by 30 vs. sum of Generic Name Pills. Color shows details about Upper Limit Flag Based on Total Scripts. Details are shown for str_nbr and str_nbr (copy). The data is filtered on Date, StoreType (Store List (Store List for Analysts.xls)) as an attribute and Composite Rank Top 100 (DEA analysis store indexing (Store Potential Risk Index 06-04-12 end May - modified for Tableau.xlsx)) as an attribute. The Date filter ranges from 4/1/2012 to 4/1/2012. The StoreType (Store List (Store List for Analysts.xls)) as an attribute filter keeps R. The Composite Rank Top 100 (DEA analysis store indexing (Store Potential Risk Index 06-04-12 end May - modified for Tableau.xlsx)) as an attribute filter excludes Null.

Upper Limit Flag Based on Total Scripts

- Below LL
- Store Limit
- Upper Limit



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SOM v5.5 is an industry leading enhancement to SIMS

How SOM maintains supply chain integrity:

- Program enhancement to SIMS to impact the ordering process of all controlled substances and PSE products
- Part of the calculations use an accumulation of receipts of each controlled substances over the last six weeks time period
- Tolerance and ceiling limits are applied to individual orders at the store level
- Limits can be adjusted to account for unique business needs
- Dashboard monitors and flags orders of interests and stores approach ceiling thresholds



SOM will be a hot topic for manufacturers in the GAP world

- DEA demands that distributors of controlled substances “know your customers’ customers”
- Manufacturers and wholesalers are asking for our SOM policies, GFD practices and data surrounding the dispensing of controlled substances
- Inquiries have included data requests, store questionnaires and site visits
- Developing partnerships is vital to maintain supply chain integrity across the Rx drug pipeline



SOM is an evolving process and will require constant communication across work streams

Rx Purchasing and Supply Chain teams will need to create new partnerships both internally and externally

- Tasha Polster is the new Director of Pharmaceutical Integrity under Rex Swords
- Steve Bamberg's team continues to work with John and Barb to make enhancements to SOM/CSR
- Dave/Jeff and Matt/Emily have been invaluable partners in working with Cardinal and ANDA
- With GAP, we will need to leverage CMs' relationship to maintain open communications with manufacturers on the distribution of controlled substances



Move Update

1417 Lake Cook Rd



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HR Update

Q & A



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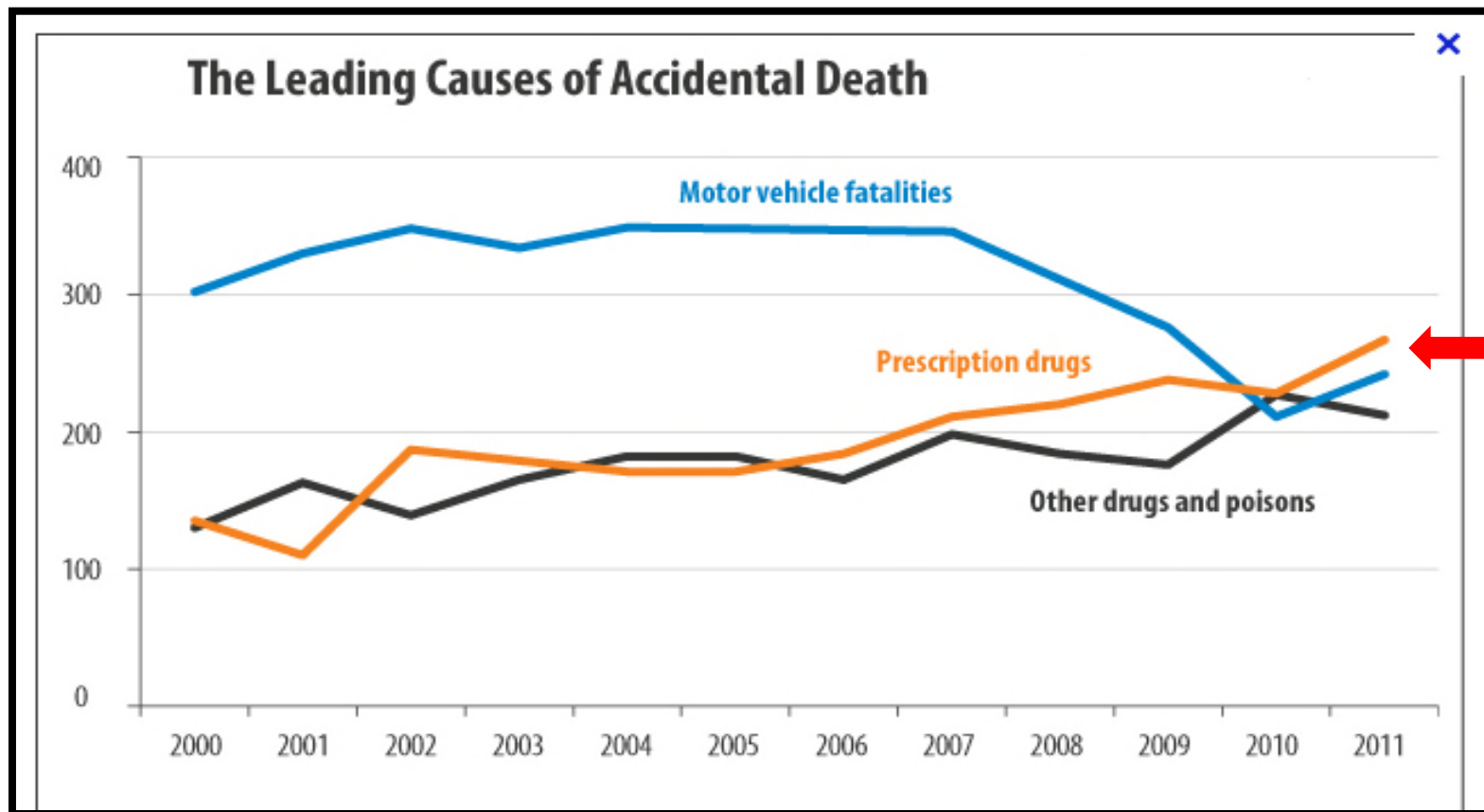


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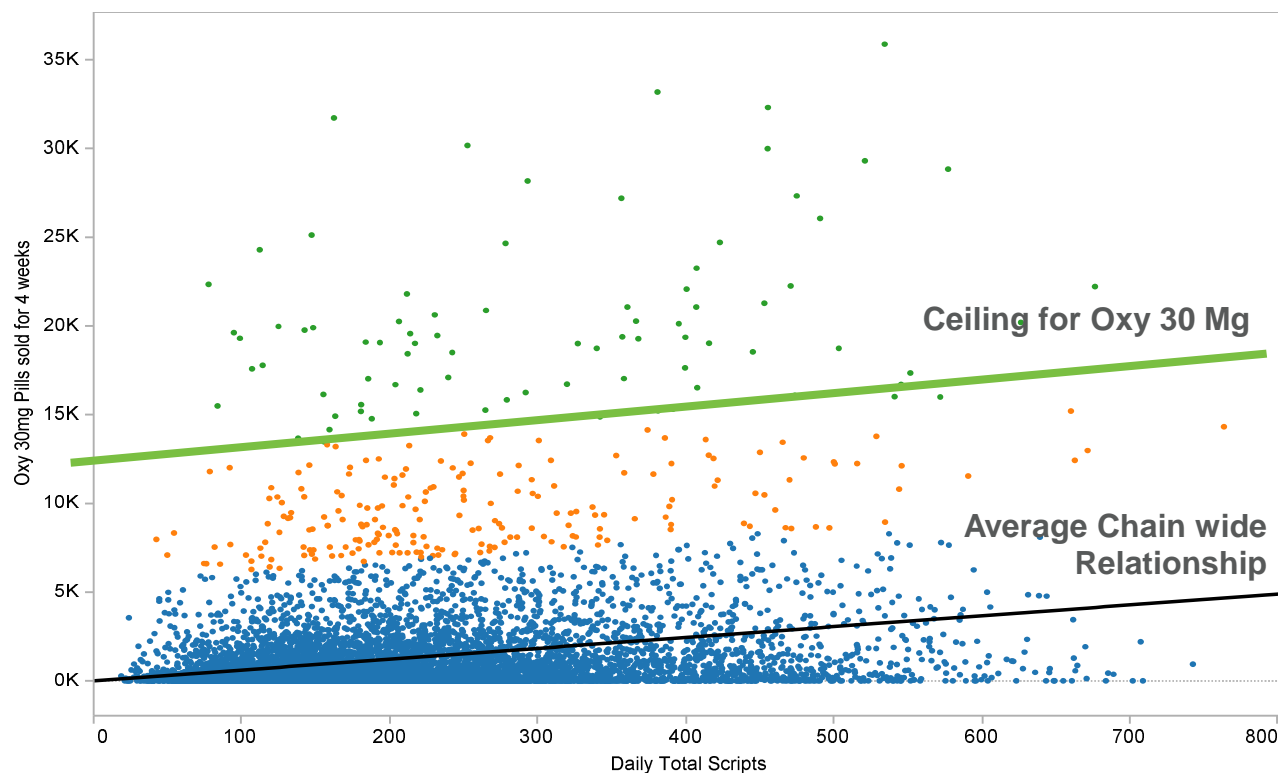
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